

### Weather

The precipitation outlook for the major cattle feedlot areas of the Plains remains very dry, as seen with the map to the right. Odds remain high that much of that area will stay near to completely dry for the next 15 days.

Rains in northern soybean growing areas of Brazil are expected to get better and better (both in regards to amounts and coverage) as we get deeper into the current 15-day forecast period...to the point where amounts are forecast to be above-normal on a widespread basis for the period surrounding Christmas. It thus remains an overall favorable forecast for the region, and we are now clearly into the critical time of year for “making” the soybean crop in that area.

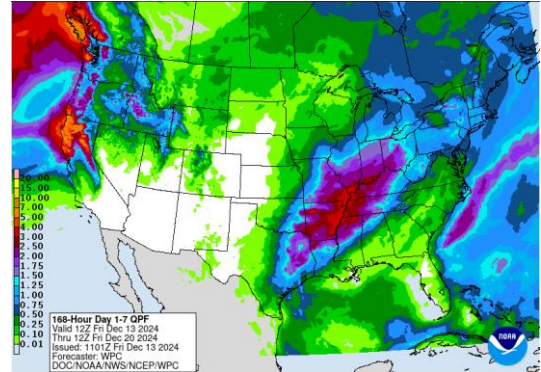
Good rains were recorded through midnight, especially in southern Mato Grosso do Sul and Paraguay; rainfall is mainly beneficial as those were generally areas that did not see the real heavy rains of early this week. Overall, the 15-day forecast for the region shows a good mix of dry and wet weather, something that should generally favor crops.

Cordoba and northern Santa Fe appeared to have been the areas of Argentina seeing especially good rains since yesterday morning, which was certainly beneficial, as much of that area had picked up under an inch of rain over the past two weeks. The forecast for Argentina remains unchanged; clearly not “wet,” but a long way from “dry.”

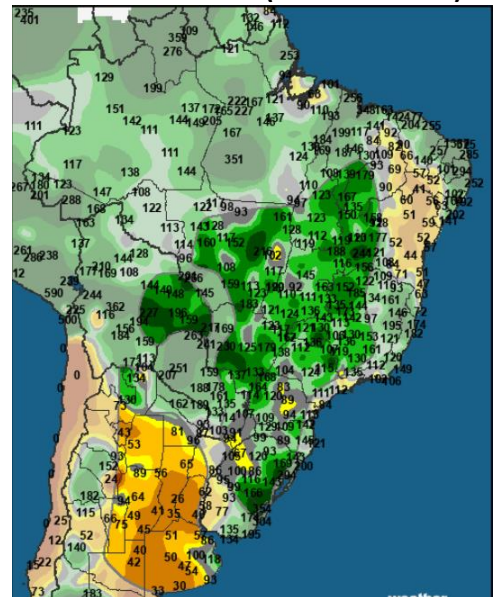
### Grains

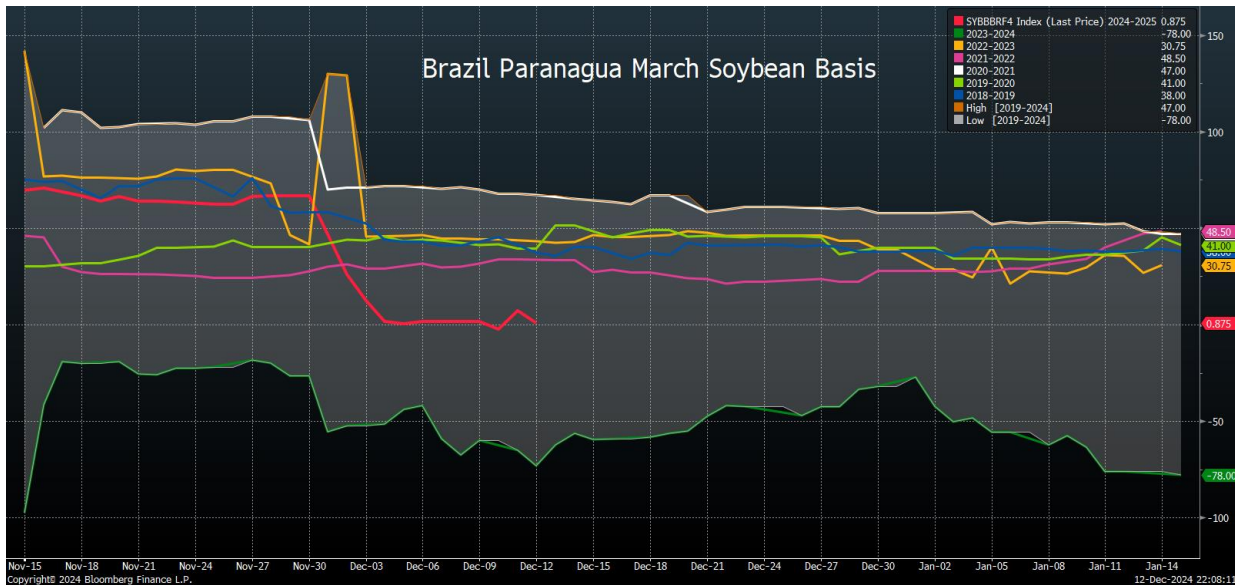
We will check in on Brazil Paranagua March soybean basis this morning. Note the first chart on the next page; you’ll notice that there has been a significant move in soybean basis (red line). March basis has gone from 40 over to par in two weeks. The second chart on the next page might partially explain the move. It shows Mato Grosso farmer selling according to IMEA. There was a spike in farmer selling in November, surpassing the pace of the last two years as Brazilian farmers enjoyed a record weak real against the dollar and the pressure of a massive Brazilian crop. Still, much farmer selling remains on the sidelines. Assuming the weather remains favorable, cash sales will likely increase at an above-average rate, which will pressure the cash market and could eventually pull the futures market down with it.

Day 1-7 QPF

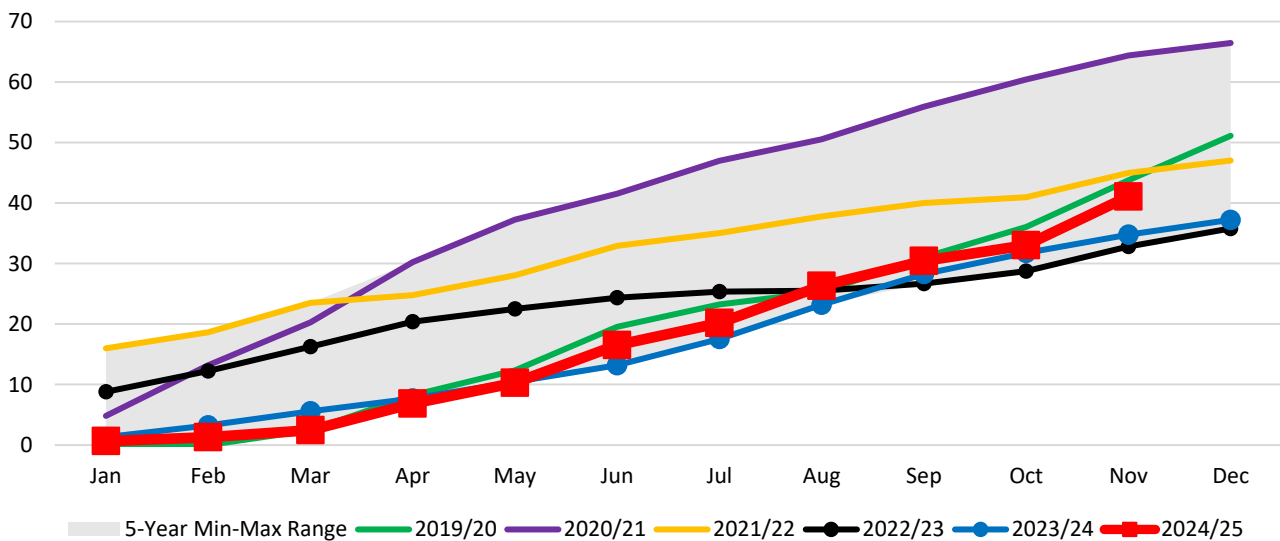


South America % Normal Precipitation for Dec 13-Dec 20 (ECM Ensemble)





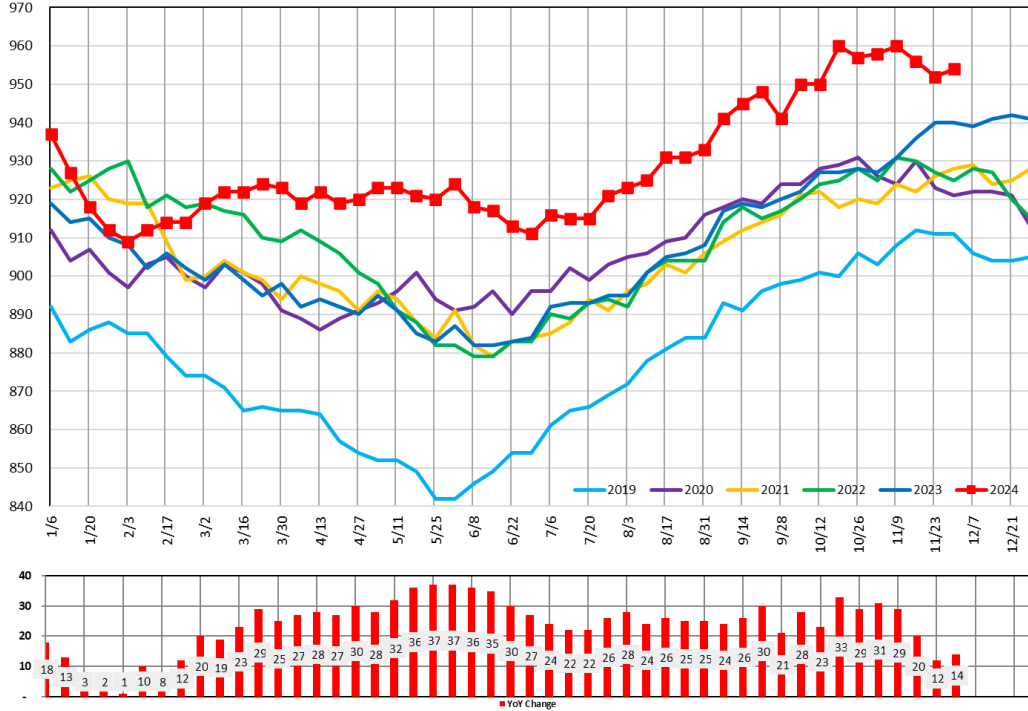
### IMEA Brazil Mato Grosso Soybean Farmer Selling % by Crop Year



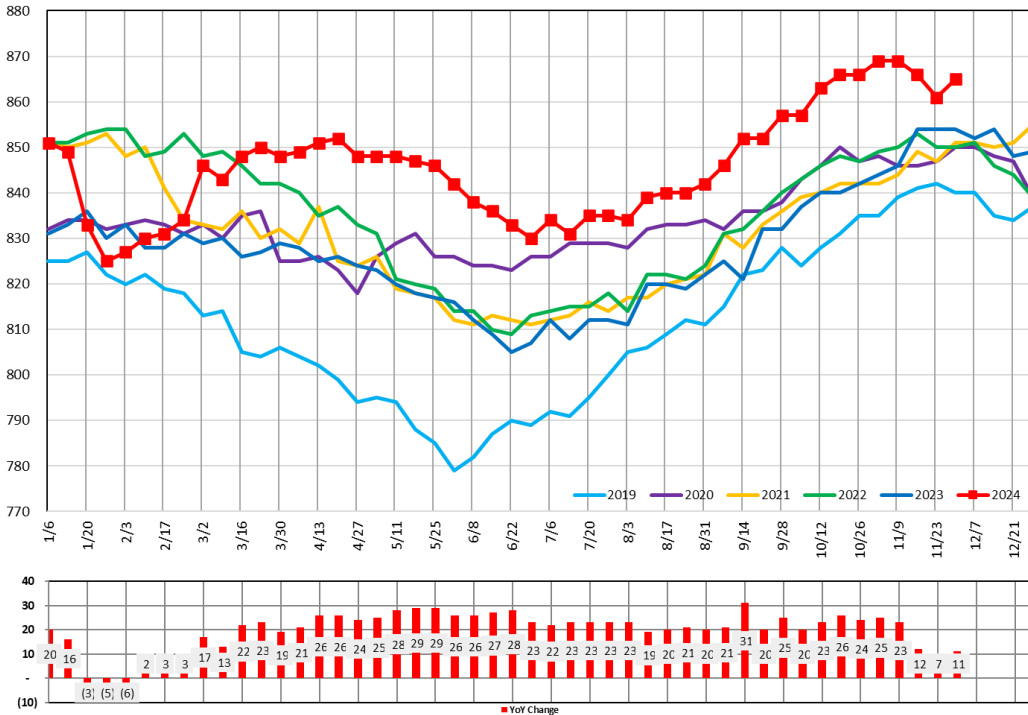
### Livestock

Official FI carcass weight data was released yesterday. We'll take a look this morning. Steer weights were 954 pounds, up two pounds WoW and 14 pounds YoY. Heifer weights were 865 pounds, up four pounds WoW and 11 pounds YoY. You'll notice from the charts below that the YoY increases have moderated in recent weeks, as weights during the last two months of 2023 were record-high (at the time). As we project to 2025, the significant YoY carcass weight increases will likely return as weights at the start of 2024 were severely impacted by the cold and wet weather that plagued the cattle feedlot areas for most of the winter. Compared to 2024, we will have similar supplies and much larger weights (assuming the forecast remains favorable), meaning that fed beef tonnage for the start of 2025 will be notably higher than 2024.

Federally Inspected Steer Carcass Weights (Pounds)



Federally Inspected Heifer Carcass Weights (Pounds)

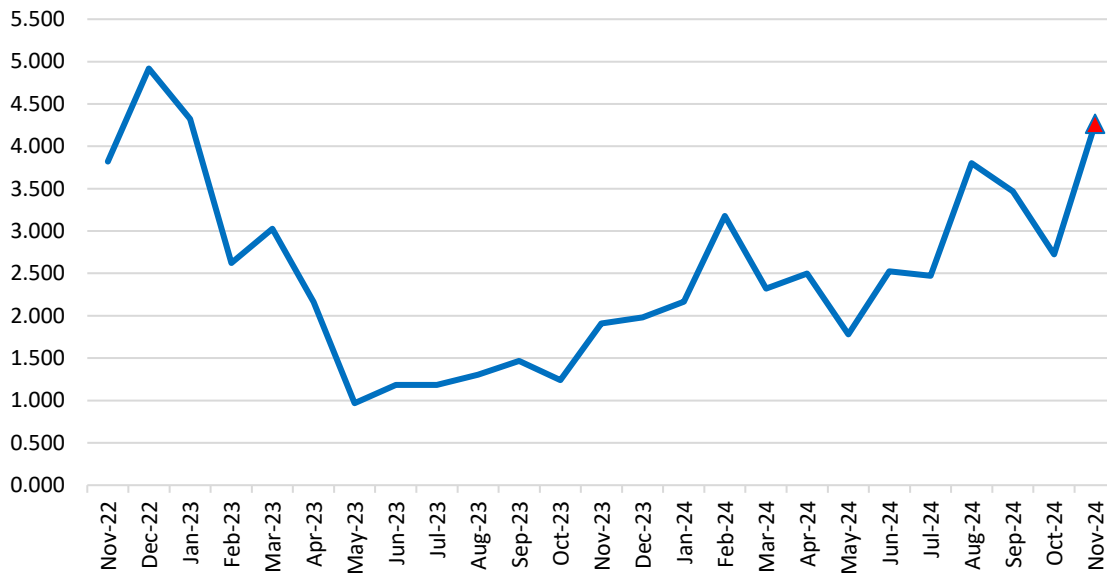


**Financials**

If you glanced at the chart below before reading the commentary, you probably wondered why we are discussing egg prices under the financial section. I'll explain. A big story yesterday was that the Producer Price Index (PPI) accelerated above expectations, primarily driven by a 3.1% increase in food prices at the wholesale level. A significant portion of that increase was attributable to a 55% jump in wholesale egg prices, primarily due to the impacts of the bird flu outbreak.

The market wasn't too concerned about the hot PPI number, as other categories that feed into the Fed's preferred inflation number—the PCE—remained favorable across the board in November. Rate cut expectations through May of next year remained unchanged; at this point, a December rate cut is almost a foregone conclusion in next week's rate decision. Fed officials are also expected to hint at slowing the pace of rate cuts moving forward.

**Wholesale Egg Prices (Dollar/Dozen)**



**Today's Calendar (all times Central)**

- Nothing noteworthy

Thanks for reading.

Evan Basse  
[evan@nesvick.com](mailto:evan@nesvick.com)  
 847-650-8002  
 Trillian IM: [evan@nesvick.com](mailto:evan@nesvick.com)  
 Bloomberg IB: [ebasse3@bloomberg.net](mailto:ebasse3@bloomberg.net)

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